

NATIONAL DAIRY MARKET AT A GLANCE**CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (06/25):**

**BUTTER:** Grade AA closed at \$1.4800. The weekly average for Grade AA is \$1.4925 (-.0075).

**CHEESE:** Barrels closed at \$1.4575 and blocks at \$1.5000. The weekly average for barrels is \$1.4420 (+.0990) and blocks, \$1.4845 (+.0875).

**NONFAT DRY MILK:** Extra Grade closed at \$1.0100 and Grade A at \$1.0500. The weekly average for Extra Grade is \$1.0100 (N.C.) and Grade A is \$1.0500 (N.C.).

**BUTTER:** The market tone remains unsettled, as the cash trading level at the CME edges lower. Producers and handlers across the country are looking at the recently released cold storage holdings report and questioning why prices are at the levels that they are. Storage figures indicate that inventories are higher than last month, nearly double of last year and 1/3 higher than 2 years ago. Churning schedules are lighter as cream continues to clear to Class II operations. Some butter producers are finding that it is financially to their advantage to sell cream versus churn at this time. Overall buying interest is fair. Some scattered retail feature activity continues to stimulate butter sales.

**CHEESE:** The cheese market is firm. Orders for product often exceed current production and lead times are increasing. Buyers are also having difficulty in finding aged cheddar due to the record high prices last year. Many buyers are intent on increasing inventories as a hedge against potentially higher prices. Some sellers are moving any spot loads at current market prices rather than the lagging weekly average prices. Cheese production is somewhat lower due to seasonal declines in milk receipts.

**FLUID MILK:** Milk production is falling in most southern sections of the country. The hot, humid conditions are taking their toll on the cows from the Southeast to the Southwest. Lower fat and protein tests are common. In the northern tier of states from the East Coast to the West Coast, milk output is past its seasonal peak but there are still ample volumes available for bottling and manufacturing needs. In the Southeast, surplus milk volumes are declining and some northern milk is being shipped in to supplement local supplies. Milk movement into the Southeast is running behind year ago

timetables. The fluid cream market is firm. Demand is seasonally good as ice cream and ice cream mix producers are in full swing. Some West Coast cream is moving across the country because of current price relationships between the two Coasts. Condensed skim sales are fair to good.

**DRY PRODUCTS:** The market tone of most dry product markets is unchanged to improved. Lactose seems to be firming as more interest from buyers has been reported. Third quarter contracts are being negotiated and prices are expected to be up from second quarter levels. The dry whey market is mixed, but showing more signs of firmness. Production is holding up quite well, but demand is easily clearing most spot offerings. Grade A whey stocks are often short of needs. Extra Grade whey offerings are mixed, but some producers are holding any extra volumes with more confidence. The NDM market remains weak, but recent DEIP sales are helping clear some product. Domestic demand is fair at best as buyers see little need to purchase too far in advance. The WPC market is still weak despite a slight increase in prices. Production is heavy and offerings range from balanced to more than ample.

**CCC:** During the week of June 21 - 25, CCC net purchases of nonfortified NDM totaled 9,593,584 pounds.

**FEDERAL MILK ORDER MARKET SUMMARY (AMS):** During May, about 10.2 billion pounds of milk were marketed under Federal orders. Producer deliveries were about 1.0% more than May 1998, and about 31.5% more than April 1999 on an estimated daily average basis. Milk utilized in Class I products in April was 1.1% more than last year on an adjusted basis. The average blend price was \$12.53, \$.54 less than last year. Changes in class prices from year-earlier levels were: Class I, down \$1.19; Class II, down \$1.19; Class III, up \$0.38; and Class III-A, down \$2.36.

**COLD STORAGE (NASS & FSA):** U.S. cold storage holdings of butter on May 31, 1999 total 137.3 million pounds, up 8.6% from a month earlier and 88.8% more than May 31, 1998. Natural American cheese holdings total 495.9 million pounds, up 10.1% from last month and 11.8% more than a year ago. Natural American cheese holdings are the largest since 1987. Nonfat dry milk holdings at the end of April total 222 million pounds, up 8.3% from the end of May 1999 and 37.9% more than a year ago.

## \*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY JUNE 21	TUESDAY JUNE 22	WEDNESDAY JUNE 23	THURSDAY JUNE 24	FRIDAY JUNE 25	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.4100 (+.0350)	\$1.4375 (+.0275)	\$1.4475 (+.0100)	\$1.4575 (+.0100)	\$1.4575 (N.C.)	+.0825	\$1.4420 (+.0990)
40# BLOCKS	\$1.4525 (+.0225)	\$1.4800 (+.0275)	\$1.4900 (+.0100)	\$1.5000 (+.0100)	\$1.5000 (N.C.)	+.0700	\$1.4845 (+.0875)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0100 (N.C.)	\$1.0100 (N.C.)	\$1.0100 (N.C.)	\$1.0100 (N.C.)	\$1.0100 (N.C.)	N.C.	\$1.0100 (N.C.)
GRADE A	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	\$1.0500 (N.C.)	N.C.	\$1.0500 (N.C.)
BUTTER							
GRADE AA	\$1.5000 (N.C.)	-----	\$1.4975 (-.0025)	-----	\$1.4800 (-.0175)	-.0200	\$1.4925 (-.0075)

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM)

**CHICAGO MERCANTILE EXCHANGE**

Trading Activity - June 21 - 25, 1999

MONDAY, JUNE 21, 1999

CHEESE -- SALES: 1 CAR BARRELS @ \$1.4100; 1 CAR 40# BLOCKS @ \$1.4500; BIDS UNFILLED: 4 CARS BARRELS @ \$1.4100; 3 CARS 40# BLOCKS: 1 @ \$1.4525, 1 @ \$1.4400, 1 @ \$1.4350; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.4200  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 3 CARS GRADE AA: 2 @ \$1.4900, 1 @ \$1.5000; BIDS UNFILLED: 2 CARS GRADE AA: 1 @ \$1.4950, 1 @ \$1.4700; OFFERS UNCOVERED: 6 CARS GRADE AA: 1 @ \$1.5000, 1 @ \$1.5100, 1 @ \$1.5200, 1 @ \$1.5300, 1 @ \$1.5400, 1 @ \$1.5500

TUESDAY, JUNE 22, 1999

CHEESE -- SALES: 1 CAR BARRELS @ \$1.4375; 6 CARS 40# BLOCKS: 4 @ \$1.4650, 1 @ \$1.4700, 1 @ \$1.4775; BIDS UNFILLED: 5 CARS BARRELS: 1 @ \$1.4375, 3 @ \$1.4300, 1 @ \$1.4250; 5 CARS 40# BLOCKS: 1 @ \$1.4800, 1 @ \$1.4700, 2 @ \$1.4650, 1 @ \$1.4550; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.4475  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, JUNE 23, 1999

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.4900; BIDS UNFILLED: 5 CARS BARRELS: 1 @ \$1.4475, 2 @ \$1.4450, 2 @ \$1.4375; 1 CAR 40# BLOCKS @ \$1.4600; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.4600  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 5 CARS GRADE AA: 1 @ \$1.4925, 4 @ \$1.4975; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.3000; OFFERS UNCOVERED: 3 CARS GRADE AA: 1 @ \$1.4975, 2 @ \$1.5000

THURSDAY, JUNE 24, 1999

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.4550, 1 @ \$1.4575; BIDS UNFILLED: 2 CARS BARRELS: 1 @ \$1.4575, 1 @ \$1.4525; 4 CARS 40# BLOCKS: 1 @ \$1.5000, 2 @ \$1.4875, 1 @ \$1.4775; OFFERS UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, JUNE 25, 1999

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.4500, 1 @ \$1.4575; 4 CARS 40# BLOCKS: 1 @ \$1.4975, 3 @ \$1.5000; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.4900; OFFERS UNCOVERED: 2 CARS BARRELS @ \$1.4575; 1 CAR 40# BLOCKS @ \$1.5100  
 NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER -- SALES: 11 CARS GRADE AA: 1 @ \$1.4850, 1 @ \$1.4875, 2 @ \$1.4850, 1 @ \$1.4825, 1 @ \$1.4850, 1 @ \$1.4825, 1 @ \$1.4775, 1 @ \$1.4800; BIDS UNFILLED: 2 CARS GRADE AA @ \$1.4500; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.4850, 1 @ \$1.4875, 1 @ \$1.4900, 2 @ \$1.4975

**BUTTER MARKETS**

**MONTHLY COLD STORAGE:** According to NASS, May month-end cold storage figures for butter total 137.3 million pounds, 8.6% heavier than last month, 88.7% more than May 1998, and 31.8% more than May 1997.

Churning schedules are lighter as cream supplies continue to clear to Class II operations. Some butter producers are finding that it is financially more advantageous to sell their cream versus churn at this time. Current butter demand remains seasonally fair for both retail and food service.

**NORTHEAST**

On the date of this report (6/22), closing prices at the CME have held at \$1.5000 since June 11, the longest stretch of unchanged prices since multi-day trading began on March 8, 1999. Contacts are unsure how long prices will remain at this level. Current or fresh butter stocks are still relatively tight, but frozen butter supplies are reported as heavy. Cold storage holdings at the end of May were 8.6% more than a month ago, 88.8% heavier than a year ago, and 31.8% more than two years ago. Current production is seasonally light as more cream is moving into Class II product output. Demand for print and bulk butter is fair. Spot bulk sales continue in the range of 3 - 5 1/2 cents over the CME weekly average.

**CENTRAL**

The butter market remains basically steady, although a slight decline in the cash trading level at the CME was noted at mid-week. Producers and handlers are questioning the direction of current markets, especially when they look at inventory levels in comparison to the past few years. Current storage holdings are the highest they have been in quite some time for this time of the year.

**WEST**

Interest for bulk butter from other areas of the country is not quite as aggressive as a few weeks ago. Print orders remain strong. Producers seem to be comfortable with current inventory levels. Some resellers are offering more butter from out of the warehouse at this time. Churning schedules at some Western locations are heavier now that schools have recessed for the summer. Cream demand has been slow to develop, but it is growing at a faster rate at this time. Some contacts are wondering what impact the strength in the cheese markets will have on butter markets. Butter cold storage stocks have been increasing for the last five months. They are now higher than at any time since the fall of 1994.

WHOLESALE SELLING DIFFERENTIALS, F.O.B. PRODUCING PLANTS,  
TRUCKLOAD QUANTITIES.

\*\*\*DUE TO A LACK OF CONSENSUS ON THE PART OF PRODUCERS AND BUYERS ABOUT THE BASING POINT FOR BULK BUTTER SALES (PREVIOUS FRIDAY'S CLOSE, PREVIOUS WEEK'S AVERAGE, DATE OF SALE, DATE OF SHIPMENT, ETC.), DAIRY MARKET NEWS IS TEMPORARILY SUSPENDING THE REPORTING OF PREMIUMS OR DISCOUNTS.\*\*\*

**NASS DAIRY PRODUCT PRICES**  
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
JUNE 19	1.2891 4,151,687	1.2739 10,592,287	1.0038 21,768,574	1.4905 4,061,708	0.1696 5,845,794

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are higher again this week. Closing prices for 40# blocks at the CME have risen each day since June 8 (total increase is 13.25 cents for the period of 6/8-18). Barrel prices adjusted lower one day during the same period, but rose every other day. The market tone is firm, but contacts wonder about the run-up in prices at this time of year. Production is heavy, but demand continues to be reported as good. Supplies are more than adequate for the current fair to good demand. June Dairy Month promotions are winding down, but retail orders are holding. Food service orders are improving in resort and vacations areas. Cold storage holdings of natural American cheese totaled 495.9 million pounds at the end of May 1999. That is 11.8% more than a year ago and 10.1% more than a month earlier.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.4325-1.9200
Cheddar Single Daisies	:	1.4050-1.9200
Cheddar 40# Block	:	1.5375-1.7225
Process 5# Loaf	:	1.5525-1.7100
Process 5# Sliced	:	1.5725-1.8300
Muenster	:	1.6125-1.9150
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

## MIDWEST

The cheese market continues firm. Current cheddar offerings are tight to short of needs. More than a few buyers are unable to secure the spot load or two needed to fill orders. At least a few producers are fully committed on their projected production out one or more weeks. A few sellers holding an eligible spot load or two are selling the load on the exchange rather than take the lag in the weekly average price. Many buyers have been increasing their working inventory levels as a hedge against higher prices. Inventories are reportedly well above year ago levels at many warehouses as comparable cold storage inventories reported by NASS for May 1999 of American and total cheese are the largest since 1987. Holding onto any spare load in recent weeks has provided a good financial return on current items. Aged cheddar (in excess of 5 months) supplies are very limited to short of needs with the supply problem expected to persist a while. Cheese production is steady to lower, reflecting milk supplies and lower summer yields.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.5225-1.6900
Brick And/Or Muenster 5#	:	1.6900-1.8650
Cheddar 40# Block	:	1.6575-2.1150
Monterey Jack 10#	:	1.8475-2.1150
Blue 5#	:	1.9925-2.2700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7250-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.3400-2.6850

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES	:	JUNE 21 - 25, 1999
BARRELS*	:	\$1.3625 - 1.4475 (NOMINAL)
	:	(\$0.800) (.1125)
40# BLOCKS	:	\$1.4175 - 1.5100 (NOMINAL)
	:	(\$0.875) (.1350)
( ) Change from previous week. * If steel, barrel returned.		

## WEST

Cheese prices continue their early summer price strength that has been noted for the past four weeks. Some contacts continue to be surprised at the amount of strength during the spring flush, over the Memorial Day weekend, while schools are closing for the summer recess, and while milk production is up more than 3 1/2 percent. The answer certainly lies with the continued strong demand for most styles and varieties of cheese. Orders for cheese from specific plants are often being delayed for various periods of time. A concern for some Western producers is the national level of stocks of cheese. Natural American cheese at the end of May stands at 495.9 million pounds, up 11.8% from last year. Month ending stocks are now higher than at any time since January 1987. Swiss stocks are 12.2 million pounds, up 7.8% from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4950-1.7500
Cheddar 40# Block	:	1.5175-1.6575
Cheddar 10# Cuts	:	1.7075-1.9175
Monterey Jack 10#	:	1.7275-1.8800
Grade A Swiss Cuts 6 - 9#	:	2.2900-2.4200

## FOREIGN

Prices for domestically made types increased nearly 7 cents from week earlier levels. The market tone is seasonal. Demand is slow to fair and centered on replacement volumes. For 1998 and 1999, EU cheese sales continue to show slight growth despite last year's Russian financial problems and the recent dioxin situation. During 1998, EU cheese output was up, but at a slower pace than past years.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.7675-2.3775*
Gorgonzola	: 3.2400-5.9400	: 2.4225-2.4900*
Parmesan (Italy)	: TFEWR	: 3.1775-3.2075*
Romano (Italy)	: 2.1000-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.7675-2.0525*
Romano (Cows Milk)	: -0-	: 2.9475-5.1725*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggiano (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
06/21/99	19,145	120,023
06/01/99	17,004	121,236
CHANGE	2,141	-1,213
% CHANGE	13	-1

## FLUID MILK AND CREAM

## E A S T

Northeastern Milk Market Administrators announced May 1999 uniform (blend) prices: Federal Order (F.O.) 1 is \$12.42; F.O. 2, \$12.24; F.O. 4, \$12.64; F.O. 36, \$12.45; and Western NY Milk Market Area, \$12.31. Milk production is easing lower in the Northeast now that temperatures are increasing and much of the area is in need of rain. In the Southeast, hot weather continues and the milk flow is falling. Cooler nights are helping moderate the declines and milk supplies are quite well balanced. Florida has had quite a bit of rain recently. The summer temperatures and humidity are starting to take their toll on the cows. Florida milk volumes have tightened and handlers did import 10 loads from other states. Contacts state that this was a short-term situation as the need for the milk arose quickly and there was too short a notice to get milk from regular sources. Florida handlers sent no surplus milk out of state, but some did move to a bottling facility to meet commitments. This week, bottled milk sales range from "decent" to generally slower. Schools in New York and New England are recessing this week and bottling schedules are off accordingly. Schools in most other Eastern states have been closing since late May. Surplus milk volumes are mixed. In the Southeast, manufacturing plants are operating only on weekends. In the Northeast, plant intakes are steady to slightly lower. Some loads continue to be shipped to other plants for processing, but volumes are off from early June levels. The condensed skim market is firm. Demand for wet solids is holding up very well and helping ease the pressure on dryers. Prices are mostly steady, but occasionally lower within the range. The fluid cream market is firm. Some suppliers report a very tight market while other note adequate supplies. Buyers are able to get what they need. More loads of California cream are being shipped across the country. Current price scenarios in California allow cream to be purchased and shipped across the country at very competitive prices. Ice cream production is seasonally heavy at most plants in the East. Soft serve mix sales are very brisk as camps, resorts, and other vacation-area outlets gear up for the summer season. Bottled cream production is about moderate to heavy as berry season is near its peak in the more northern areas. Churning activity is light to moderate as more cream is moving into Class II uses.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.9500-2.1300
Delivered Equivalent Atlanta	-	1.9500-2.1000 M 1.9800-2.0700
F.O.B. Producing Plants: Upper Midwest	-	1.9500-2.0850

## PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	.9000-1.1000
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## M I D W E S T

## WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JUNE 18 - 24, 1999	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1998	0

Class I demand is about steady with typical summer levels. A total of 22 loads of Wisconsin milk are direct shipped to Missouri and pooled under a Southern federal order to supplement local offerings. Manufacturing milk interest is very good seasonally. Premiums being paid for spot loads have increased sharply. Most of the reported loads

are in the \$1.00 to 1.75 over class area. Some loads are available at higher prices, but sales were not occurring at the higher numbers. Ice cream production and sales remain seasonally strong with some previously produced stocks coming out of storage to help fill orders. Cream demand is very good with some extra supplies imported from California, often delivered at prices just below local supplies. Cottage cheese production is often a little stronger. The return of more seasonal heat and humidity is again reducing cow comfort and slightly affecting milk output. Most plant operators seem to estimate their peak intakes occurred around the Memorial Day - first week of June period in the northern tier of states. Fat and protein tests are down at the lower summer levels, reducing manufactured product yields. Recent wet weather has helped generate a bountiful crop of insect pests in many areas and good hay regrowth.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUNE 17 - 23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 37.00- 41.50	\$ 36.00- 41.50
REPLACEMENT HEIFER CALVES	\$200.00-265.00	\$120.00-165.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUNE 17 - 23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 46.25	\$ 36.00- 42.75

## W E S T

Milk output continues to outpace year ago levels across most areas of the Southwest. California production is declining seasonally in the central and southern areas of the state. Temperatures are heating up during the daytime, but are not severely affecting the milk flow. Milk output is still seasonally increasing in the more northern milk producing areas. Plants are generally full in the state and operating well. New Mexico is experiencing hotter and wetter weather. Milk production is being affected, although quality issues are seeing minimal impact. Fat and protein levels are declining as well. Drying conditions for hay crops are poor and the wet conditions are delaying harvesting and reducing the quality of alfalfa. Alfalfa prices are holding steady for all classes. Hotter weather is causing milk production declines and drops in milk solids in Arizona. Western cream multiples are increasing and running in the 118 to 130 range. The majority of sales are to ice cream manufacturers, both within and out of the region. Cream offerings are tight. Sales of condensed skim are higher to cheese producers to increase the solids content of incoming milk. Conditions remain cooler than normal in the Pacific Northwest, ideal for continued strong milk production. Some contacts believe that the milk supply is past the seasonal peak over much of the region. Demand for heifers remains very strong to continue to fuel the herd expansions that are in the works. Some new crop hay is becoming available, but offerings remain light. The crop is at least two weeks late. The quality is quite good. Prices are higher than anticipated and the tonnage is down from normal. Manufacturing plants continue to operate on heavy schedules. Warmer weather is finally more common over the northern Mountain States region. The added heat is allowing the crops to slowly catch up. Most of the first cutting of hay is finished in the more southern portions of the region. Up north, they are just beginning because of the cool late spring. Milk production remains strong. Plants continue to run on heavy schedules. Heifer prices remain very high as demand continues to be strong.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 06/24/99 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are unchanged to lower on a weak market. Plants unable to meet certain industry standards are finding it difficult to move product and are reducing prices. Fluid milk is starting to tighten in the South which tends to divert milk and decrease intakes in the North Central region. Interest has improved over last week as third quarter negotiations and DEIP contracts are settled. Production levels are steady to reduced in accordance with area milk availability. High heat product continues to move well at premiums 3-10 cents over the central average. Inventories are adequate to fully adequate and building. Mostly prices for the 25th week in 1998 were 1.0250-1.0350.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: .9900 - 1.0300 MOSTLY: 1.0100 - 1.0150

**DRY BUTTERMILK - CENTRAL**

Prices remain unchanged on a steady to weak market. Demand remains best on condensed product into ice cream production. Movement of condensed is expected to slow as cream sources dwindle and butter production falls. Dry product demand has improved in some areas. Overall interest however remains slow. Inventories are mixed. Some producers are long on product while others report that supplies are limited. Less than trucklot quantities are available well above the average. Production is steady as plants operate on normal drying schedules. Prices for the 25th week in 1998 were .9325-.9675.

BUTTERMILK: .6800 - .7400

**DRY WHEY - CENTRAL**

Prices are unchanged to higher on a steady market that continues to show signs of firming. Trade occurs most often at the average. Condensed whey is plentiful and often free to the taker. Reports on supply are conflicting as some producers are tight on product while others hold adequate inventories to meet spot interest. Demand is improved yet mostly slow. Movement is best into ice cream and baking productions. Edible product is available to the feed industry for the very light and limited interest. Inquiries from export markets persist. Export demand is mostly fair to good. Production is steady as most dryers operate at capacity levels. Mostly prices for the 25th week in 1998 were .2650-.2700.

NONHYGROSCOPIC: .1600 - .1925 MOSTLY: .1675 - .1775

**ANIMAL FEED WHEY - CENTRAL**

Prices are unchanged on all feed items on a weak market. Trading is minimal as livestock interest wanes with the warm weather and adequate supplies. Buyers are operating from hand to mouth with no incentive to build inventories. Off grade product is less available than previously reported. Supplies are mostly adequate for the light demand. Movement remains best on contracts. The North Central veal market is unsettled. Hog prices are generally trending lower. Year to date calf slaughter in the U.S. is down 13.2% compared to the same period last year.

MILK REPLACER: .1400 - .1675  
STANDARD: TFEWR  
ROLLER GROUND: .1675 - .1825  
DELACTOSE (Min. 20% protein): .2600 - .3150

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a steady to firm market. Most domestic trade is occurring at the average. Export trade is generating a premium even at the lower mesh sizes. New interest continues to form due to the dioxin scare in the EU as plenty of phone calls are being taken by producers and traders. Some third quarter contracts were negotiated before the scare making it difficult to meet any new demand. Increased trading in response to the epidemic is minimal. Movement into the feed industry is beginning to slow somewhat at the higher prices. Feed lactose is being traded just below the bottom of the range. Some plants are sold out on edible lactose and unable trade higher. Mostly prices for the 25th week in 1998 were .1900-.2000.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1600 - .2300 MOSTLY: .1700 - .1800

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged to higher on a weak market. Although there is less discounting and a firmer bottom to the range, demand is mostly light to fair. Multiple load offers are available below the average. Off grade product is readily available at good discounts. Grade A product is sometimes short of buyer's needs. Condensed product continues to move well into feed channels. Inventories are adequate to fully adequate and building. Producers with the bulk of their sales based on contracts are in the best position. Imports of WPC remain competitive with US production. Mostly prices for the 25th week in 1998 were .5500-.5650.

EXTRA GRADE 34% PROTEIN: .4000 - .4800 MOSTLY: .4500 - .4700

**NONFAT DRY MILK - WEST**

Prices are mostly steady, but lower on the top end of the range. The majority of transactions, reflected in the mostly range, are holding steady. There are renewed, yet unconfirmed, reports of NDM trading below the bottom end of the range. Drying schedules remain active to process milk in the region. Condensed skim sales are increasing due to increased demand from cheese producers. Protein and fat content in milk are declining seasonally and cheese makers are using condensed to bring solids content higher to increase yields. This is more lucrative as cheese prices increase. Sales of NDM to the CCC continue to be used to balance inventories. Stock levels continue to be heavy. High heat prices are steady in a generally light market test. Production and stocks are light. During the week of June 14 - 18, CCC net purchases totaled 5,478,961 pounds of NDM.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9700 - 1.0200 MOSTLY: .9800 - 1.0100

HIGH HEAT: 1.0200 - 1.0400

**DRY BUTTERMILK - WEST**

Buttermilk prices continue to track higher. Demand is mostly fair, but rated as better than in previous weeks. Buyers are sensing the market move from a cycle bottom and are making some additional purchases. Added speculative buying interest is being reported. Drying activity remains light, reflecting limited churning in the region. Stock levels are moderating as current sales come out of inventories.

BUTTERMILK: .6500 - .7000 MOSTLY: .6500 - .6700

**DRY WHEY - WEST**

The Western whey price range held steady, while the mostly price series increased fractionally. Sales activity has improved slightly. Many of the spring negative market factors have now passed and the market has a better fundamental undertone. Stocks of whey certainly remain readily available and offerings are clearing more easily. Production remains seasonally heavy. Contacts continue to discuss the European dioxin situation, but most don't believe that it will have all that much impact on our domestic market.

NONHYGROSCOPIC: .1600 - .1800 MOSTLY: .1650 - .1725

**CALIFORNIA MANUFACTURING PLANTS**

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended June 18, on powder sales of 11,515,894 pounds f.o.b. California manufacturing plants was \$1.0049 per pound. This compares to 9,080,882 pounds at \$1.0073 for the previous week ending June 11, 1999. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are mostly steady, but higher prices for low/medium heat were noted as some producers fill medium heat DEIP bids. The market tone remains weak. Production levels are lighter in the Southeast, steady to heavy in the Northeast where milk supplies remain heavy. Producer stocks range from adequate to ample. Some producers have built sizeable inventories to carry them through the summer when milk supplies tighten. Others are managing inventories as best they can. Domestic demand for NDM is just fair. Most users see little need to buy too far ahead. Many exporters and producers are looking forward to the announcement of the new DEIP-year (starts July 1) allocations.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0000 - 1.0625 MOSTLY: 1.0100 - 1.0300

HIGH HEAT: 1.0400 - 1.1100 MOSTLY: 1.0400 - 1.0600

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1300

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are steady to slightly higher and the market tone is firming along seasonal patterns. The combination of lighter churning activity and improved demand for condensed buttermilk is limiting drying schedules. Plant stocks of dry buttermilk are closely balanced. Demand for dry buttermilk is steady to improved. Many contacts still seem surprised by the fact that there isn't more interest for buttermilk powder and the wide price gap between it and NDM.

F.O.B. NORTHEAST: .6900 - .7300

DELVD SOUTHEAST: .7100 - .7650

**DRY WHOLE MILK - NATIONAL**

Prices are steady to lower and the market tone is unchanged. Production levels are light to moderate and generally geared to filling existing orders. Export interest is just fair as a new, small DEIP bid was recently accepted.

F.O.B. PRODUCING PLANT: 1.2000 - 1.4100

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1998 THROUGH JUNE 18, 1999  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	129,810	MT# (286,179,126 LBS)
CHANGE	--	3,677	MT (8,106,314 LBS)
WHOLE MILK POWDER	--	5,344	MT (11,781,382 LBS)
CHANGE	--	20	MT (44,092 LBS)
CHEESE	--	3,122	MT (6,882,761 LBS)
CHANGE	--	3	MT (6,614 LBS)
BUTTERFAT	--	395	MT (870,817 LBS)

Allocations for the DEIP year beginning July 1, 1998, are:

Nonfat dry milk - 84,212 MT\*; Whole Milk Powder - 5,003 MT\*; Cheese - 3,350 MT; Butterfat - 29,854 MT; Reallocated nonfat dry milk - 26,258 MT\* and 20,000 MT\*; Reallocated whole milk powder - 7,500 MT; Reallocated cheese - 1,270 MT.

\* Current program-year allocations and reallocations have been filled.

# FAS has combined NDM current program and reallocated tons.

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are steady to higher, particularly on Grade A. The market tone is firming. Production levels remain quite heavy. Milk supplies are near the peak in the Northeast now that schools are closing. Increased buying activity ahead of anticipated price increases, plus some reduced offerings, have sparked some strength in this market. Grade A whey stocks are reported as very short and prices have moved up accordingly. Some resales of Grade A have been noted in the 25-cent range. Extra Grade whey is not as tight as Grade A, but more producers are holding any extra product with confidence. Demand is good. Many buyers have already made some purchases and other are looking to "buy a little extra." Most contacts feel that the bottom of this particular price cycle has been reached and they are trying to buy in before prices move much higher.

F.O.B. NORTHEAST: EXTRA GRADE .1700 - .1775

USPH GRADE A .1925 - .2250

DELVD SOUTHEAST: .1850 - .2125

**ANIMAL FEED WHEY - NORTHEAST**

Prices are too few to report on a steady, weak market. Contacts continue to report an overall weak animal feed market. However, as edible whey prices start to show signs of increasing, some animal feed buyers may jump back into the market to beat anticipated price increases.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Production is steady to lighter as milk supplies are easing along seasonal patterns. Demand is slow to fair and mostly for replacement needs. The Kansas City Commodity office announced the purchase of canned evaporated milk under EVD-1, invitation 57. They purchased 110,160 pounds at \$.4785-.5039 per pound for delivery in August.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Casein markets and prices are generally steady, although the market tone remains weak. Domestic buyers continue to report readily available volumes of both acid and rennet on a contractual and spot basis. The supply outlook, as the third quarter nears, looks much the same as the first half of the year. Buyers do not foresee any problems in securing needed volumes.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.8500 - 1.9500

ACID: 1.8400 - 1.9500

## COFFEE, SUGAR, &amp; COCOA EXCHANGE (A Subsidiary of the NEW YORK BOARD OF TRADE) AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	06/09	06/10	06/11	06/14	06/15	06/16	06/17	06/18	06/21	06/22
<b>CSCE/NYBT - BFP</b> -- Dollars per cwt.										
JUN 99	11.83 (131) 1	12.03 (131) 0	11.78 (131) 0	11.68 (131) 2	11.63 (128) 0	11.62 (128) 3	11.53 (128) 0	11.53 (128) 0	11.58 (128) 0	11.60 (128) 0
JUL 99	12.90 (100) 3	13.43 (106) 8	13.43 (107) 9	13.55 (113) 12	13.71 (113) 6	13.78 (119) 12	13.70 (120) 6	13.60 (119) 9	13.53 (121) 2	13.68 (126) 7
AUG 99	13.45 (115) 2	13.88 (119) 11	13.80 (122) 4	13.92 (127) 14	14.15 (132) 8	14.13 (135) 6	14.20 (135) 6	14.13 (138) 7	14.05 (141) 6	13.90 (142) 1
SEP 99	13.65 (116) 5	14.10 (120) 5	13.95 (117) 4	14.18 (124) 8	14.25 (124) 2	14.25 (127) 8	14.34 (129) 2	14.30 (132) 3	14.23 (134) 5	14.00 (135) 2
OCT 99	13.65 (108) 6	14.15 (112) 3	14.03 (108) 8	14.15 (110) 5	14.25 (111) 2	14.25 (116) 9	14.35 (118) 8	14.28 (122) 6	14.20 (123) 1	13.90 (124) 1
NOV 99	13.48 (71) 1	13.75 (73) 2	13.80 (78) 7	13.95 (82) 8	14.15 (84) 2	14.05 (86) 2	14.10 (89) 8	14.15 (91) 11	14.05 (92) 1	13.78 (92) 3
DEC 99	12.98 (57) 2	13.08 (58) 2	13.10 (61) 3	13.10 (63) 6	13.13 (62) 1	13.13 (63) 1	13.23 (64) 2	13.30 (65) 2	13.23 (65) 0	13.10 (65) 0
JAN 00	12.18 (10) 0	12.18 (10) 0	12.23 (10) 0	12.25 (10) 0	12.25 (11) 1	12.33 (11) 0	12.35 (11) 0	12.23 (11) 0	12.23 (11) 0	12.40 (11) 0
FEB 00	12.20 (2) 0	12.15 (2) 0	12.18 (2) 0	12.20 (2) 0	12.20 (2) 0	12.33 (2) 0	12.35 (2) 0	12.20 (2) 0	12.25 (3) 1	12.30 (3) 0
MAR 00	12.00 (0) 0	11.90 (0) 0	12.00 (0) 0	12.00 (0) 0	11.85 (0) 0	12.15 (0) 0	12.10 (0) 0	11.95 (0) 0	12.00 (0) 0	12.00 (0) 0

**CME - BUTTER** -- Cents per pound

JLY 99	154.00 (178) 15	153.00 (178) 3	151.50 (178) 2	150.00 (176) 4	152.50 (182) 11	152.50 (182) 5	150.75 (181) 5	150.50 (179) 14	150.50 (178) 4	150.50 (178) 0
SEP 99	156.00 (216) 2	155.00 (216) 2	155.00 (216) 0	153.50 (216) 0	154.275 (220) 4	154.275 (225) 5	154.275 (225) 0	154.50 (221) 7	154.50 (221) 0	154.50 (221) 0
OCT 99	152.025 (108) 2	156.50 (110) 4	156.50 (110) 0	154.975 (110) 0	156.00 (114) 4	156.00 (114) 0	156.00 (114) 0	156.00 (114) 0	156.00 (114) 0	155.975 (114) 0
FEB 00	149.50 (1) 0	149.50 (1) 0	148.00 (1) 0	148.00 (1) 0	147.475 (1) 0	147.475 (1) 0	142.475 (1) 0	137.475 (1) 0	137.475 (1) 0	137.475 (1) 0
MAR 00	150.00 (1) 0	150.00 (1) 0	148.25 (1) 0	148.25 (1) 0	147.75 (1) 0	147.75 (1) 0	142.75 (1) 0	137.75 (1) 0	137.75 (1) 0	137.750 (1) 0

**CME - BFP** -- Dollars per cwt.

JUN 99	11.80 (924) 12	12.00 (914) 28	11.65 (912) 53	11.64 (910) 3	11.62 (904) 6	11.60 (903) 4	11.56 (904) 2	11.58 (898) 45	11.60 (897) 10	11.60 (899) 22
JUL 99	12.90 (873) 66	13.50 (859) 105	13.40 (841) 73	13.62 (840) 32	13.78 (836) 48	13.80 (857) 86	13.69 (852) 39	13.66 (864) 17	13.56 (886) 43	13.65 (897) 24
AUG 99	13.36 (744) 96	13.80 (768) 60	13.75 (771) 61	13.90 (796) 40	14.12 (805) 42	14.10 (804) 49	14.12 (824) 42	14.22 (836) 20	14.02 (858) 45	13.92 (882) 48
SEP 99	13.65 (538) 44	14.00 (541) 18	14.00 (552) 39	14.15 (591) 65	14.27 (606) 28	14.25 (622) 53	14.29 (640) 36	14.35 (657) 18	14.27 (685) 43	13.96 (722) 51
OCT 99	13.65 (450) 49	14.00 (452) 25	14.05 (473) 47	14.15 (500) 43	14.27 (509) 36	14.25 (538) 45	14.30 (556) 28	14.40 (568) 18	14.25 (595) 38	13.95 (622) 36
NOV 99	13.50 (338) 36	13.85 (350) 13	13.80 (353) 17	13.95 (370) 34	14.10 (384) 22	14.13 (400) 20	14.10 (431) 34	14.20 (431) 2	14.00 (446) 19	13.70 (480) 40
DEC 99	13.00 (204) 34	13.10 (203) 13	13.10 (206) 9	13.10 (213) 9	13.10 (214) 2	13.15 (217) 3	13.20 (224) 8	13.25 (224) 0	13.21 (241) 17	13.10 (258) 24
JAN 00	12.22 (74) 0	12.25 (75) 1	12.25 (75) 0	12.20 (77) 2	12.30 (77) 0	12.31 (79) 4	12.35 (82) 6	12.40 (80) 7	12.35 (81) 1	12.35 (81) 0
FEB 00	12.20 (41) 2	12.20 (41) 0	12.20 (41) 0	12.20 (41) 0	12.21 (41) 1	12.30 (41) 3	12.30 (41) 0	12.30 (53) 18	12.29 (53) 0	12.29 (53) 0
MAR 00	12.00 (10) 0	12.00 (10) 0	12.05 (10) 0	12.05 (10) 0	12.10 (10) 0	12.10 (11) 1	12.10 (11) 0	12.10 (11) 0	12.01 (12) 1	12.01 (12) 0
APR 00	11.80 (2) 0	11.80 (2) 0	11.80 (2) 0	11.80 (2) 0	11.85 (2) 0	11.85 (2) 0	11.85 (2) 0	11.86 (2) 0	11.86 (2) 0	11.86 (2) 0

1/ At the CSCE/NYBT Open interest for BFP -- 100,000 pounds per contract. At the CME Open interest for BFP -- 200,000 pounds per contract.  
 For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

**NOTE:** The CME started futures trading for dry whey and nonfat dry milk (NDM) on November 16, 1998. Up to this point, there have been no settling prices recorded for either product.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 14 - 25, 1999

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** For the most part, milk production has peaked out in most European countries and milk output is lower. The recent dioxin scare in Europe has moderated considerably, although shipments of food products, especially from Belgium, remain limited. The Belgium government is actively involved with a certification program that confirms that the problem has been located, identified, and that products are being certified dioxin free. Although no known problems have occurred with Belgium sourced dairy products, caution on the part of producers and buyers remains in place. Consumer confidence in dairy products sourced within Europe was temporarily challenged during the initial days of the dioxin scare, but now most of this concern has ended and with proper documentation, shipments are resuming. European dairy traders feel that Belgium trading will soon return to pre-scare levels now that the situation is under control. Intervention offerings of skim milk powder are slower. Traders state that with milk production on the downward slide and sales potential starting to improve, they feel that maximum intervention levels will not be attained. Overall inventories of manufactured dairy products are not overly excessive, thus most producers are comfortable with inventories in relationship to potential sales activity.

**BUTTER/BUTTEROIL:** Butter markets throughout Europe are generally steady, although prices are unchanged to slightly higher. Stocks are reported to be fully sufficient for current and known future needs. Offerings to intervention and PSA continue. Intervention is soon to open in Poland. Due to low commercial prices and a more favorable intervention price, offerings to the program are expected to be heavy and traders feel that the 15,000 mt level will be attained. International sales are slow, but many European traders feel that international sales are soon to improve for manufactured dairy products.

82% BUTTERFAT:	1,350 - 1,650
99% BUTTERFAT:	1,650 - 1,800

**SKIM MILK POWDER (SMP):** Skim powder markets are firmer as prices increased slightly. Offerings continue to clear to intervention although lighter than past weeks. European traders feel that international sales activity is on the eve of improvement. Traders state that European powder should be readily available and competitively priced should buyer interest develop.

1.25% BUTTERFAT:	1,230 - 1,360
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are firm with prices slightly higher. Stocks of powder are reported to be low which is typical since most whole milk powder is generated once an order has been placed. For the most part, traders do not anticipate any problem filling potential orders should they develop. European traders feel that international buyer interest will be resuming in the very near future. Traders feel that Europe should be a very viable source of whole milk powder.

26% BUTTERFAT:	1,425 - 1,580
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**SWEET WHEY POWDER:** Whey markets are generally steady at unchanged prices. The recent dioxin scare, caused the whey markets, especially for animal feed, to proceed very cautiously. Although Belgium was targeted as the source of the problem, other European sourced animal feed supplies were also questioned. At this time, the problem has been located and measures are being taken to remedy the situation and for the market to return to normal for both edible and animal feed whey.

NONHYGROSCOPIC:	400 - 500
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**OVERVIEW: EASTERN EUROPE:** Very recent measurable rainfall in Eastern Europe is expected to accelerate milk production declines. Up to this point, milk production is already lagging last year. Stocks of manufactured dairy products are reported to be sufficient to fill potential buyer interest should international sales improve.

## OCEANIA

**OVERVIEW:** Milk production in the Oceania region has basically ended for the 98 - 99 season, although milk output will continue at low levels throughout the winter months. In Victoria, the major milk producing region of Australia, May production is being tagged at 12% above year ago levels. This strong finish to the year is enhancing seasonal totals for the country to be 8% heavier than the previous production year. In New Zealand, milk output continues to lag the previous year by nearly 5%. A wet spring and dry summer were two weather related factors that are being mentioned for the down turn in overall milk production for the year. For the most part, manufactured dairy products, as the winter season approaches, are being classified as tight. Most products have been committed for the winter with butter probably being in the most surplus position. The recent dioxin scare in Europe is generating some additional buyer inquiries for Oceania sourced products, but no significant trading activity is developing.

**BUTTER:** Butter prices are mixed, both higher and lower, although the overall market tone remains steady. The milk production season has now basically ended, thus butter production schedules are seasonally low. Butter demand is fair at best and most current sales are ongoing or contractual. Butter stocks are fully sufficient for current and known needs with additional stocks available should buyer interest develop. At the present time, new buyer interest is slow.

82% BUTTERFAT:	1,150 - 1,350
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**CHEDDAR CHEESE:** Oceania cheese markets are generally steady although prices are weaker. Stock levels are reported to be in close balance for current needs with minimal amounts available for spot buyer interest. Some cheese handlers have varying opinions as to inventory levels. Some feel that stocks might be tighter than previously felt. The milk production season has now basically ended, thus cheese producers are having to work with current inventories to meet winter needs.

39% MAXIMUM MOISTURE:	1,700 - 1,750
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**SKIM MILK POWDER (SMP):** Skim milk powder markets in the Oceania region are generally steady although prices are slightly lower. Stocks are reported to be in balance for committed needs, but limited for potential new buyer interest. The recent dioxin scare in Europe is causing some buyers of European sourced dairy products to look elsewhere for potential stocks. This type of buyer interest is occurring, but is not anticipated to be of any significance to improve the slow international sales picture.

1.25% BUTTERFAT:	1,200 - 1,250
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**WHOLE MILK POWDER (WMP):** Whole milk powder markets are generally steady with prices higher and lower. Stocks are reported to be limited for new buyer interest, but are sufficient for committed needs. Oceania producers are reporting that buyer interest has improved due to the recent dioxin scare in Europe, but limited supplies are not allowing any significant sales to develop.

26% BUTTERFAT:	1,400 - 1,500
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Exchange rates for selected foreign currencies: June 21, 1999

.4697 Dutch Guilder	.5292 German Mark
.1578 French Franc	.5298 New Zealand Dollar
.1066 Mexican Peso	.6500 Australian Dollar
1.5918 British Pound	.0082 Japanese Yen
.2561 Polish Zloty	1.0351 Euro

To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.1066) = 9.3809$ . That is 1 US Dollar equals 9.3809 Mexican Pesos.

Source: "Wall Street Journal"



## MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

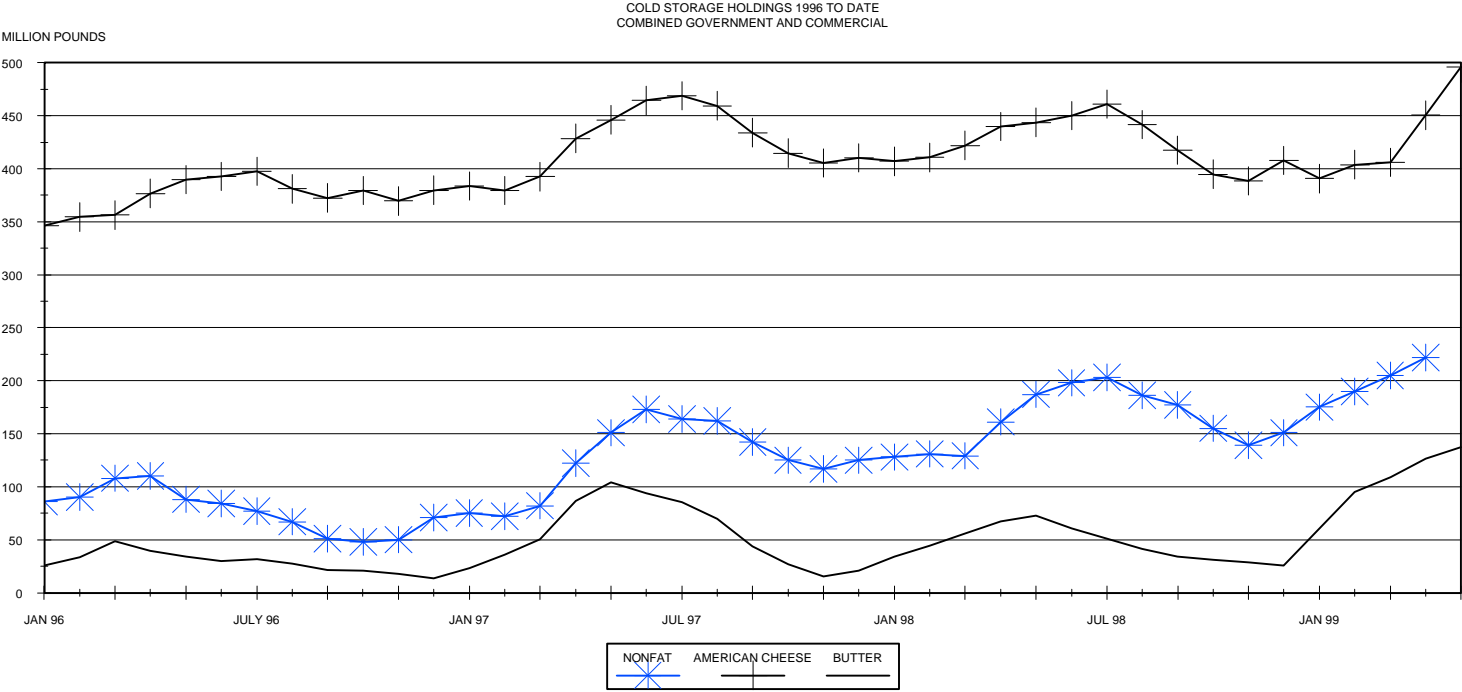
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	APR 30, 1997	APR 30, 1998	REVISED APR 30, 1999	MAY 31, 1997	MAY 31, 1998	MAY 31, 1999
Cream	---	---	---	---	---	---
Butter	86,762	67,415	126,357	104,162	72,702	137,259
Evap. & Cond. Milk	---	---	---	---	---	---
Cheese, Natural American	428,671	439,787	450,564	446,157	443,730	495,877
Cheese, Swiss	11,896	12,581	12,179	13,237	11,302	12,169
Cheese, Other Natural	114,862	105,252	160,720	124,933	113,449	169,063
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	466	398	67	1,259	308	45
Natural American Cheese	43	171	20	45	155	13

MAY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1997	1998	1999	1997	1998	1999*	1997	1998	1999
New England	21,295	22,916	25,812	10,088	---	---	197	227	329
Middle Atlantic	42,477	45,059	45,782	4,904	---	---	19,424	12,997	8,218
East North Central	239,302	240,763	237,131	53,646	---	---	87,137	90,967	79,319
West North Central	77,456	68,929	70,084	10,725	---	---	4,676	1,561	62,323
South Atlantic	261	860	439	1,056	---	---	5,666	577	647
East South Central	213	213	219	194	---	---	3,365	1,827	320
West South Central	2,564	123	255	294	---	---	126	382	295
Mountain	19,169	12,750	13,006	254	---	---	1,310	782	647
Pacific	43,420	52,117	57,836	23,001	---	---	3,032	4,129	8,622
TOTAL	446,157	443,730	450,564	104,162	72,702	137,259	124,933	113,449	160,720

\*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



## COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1998 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999	1998
	Million Pounds						Million Pounds						Million Pounds					
January	61	34	61	34	3/	3/	391	407	391	407	3/	3/	175	128	82	104	93	24
February	95	44	95	44	3/	3/	404	411	404	411	3/	3/	190	131	108	105	82	26
March	109	56	109	56	3/	3/	406	422	406	422	3/	3/	205	129	123	93	83	36
April	126	67	126	67	3/	3/	451	440	451	440	3/	3/	222	161	137	113	86	48
May	137	73	137	72	3/	3/	496	444	496	444	3/	3/		187		132		55
June		61		60	3/			450		450	3/			198		129		69
July		51		51	3/			461		461	3/			203		112		91
August		41		41	3/			442		441	3/			186		78		108
September		34		34	3/			417		417	3/			177		64		112
October		31		31	3/			395		394	3/			155		46		109
November		29		29	3/			389		389	3/			139		42		97
December		26		26	3/			408		408	3/			151		56		95

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

## COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Apr 30, 1997	Apr 30, 1998	Apr 30 1999	May 31, 1997	May 31, 1998	May 31, 1999
	Thousand Pounds					
Butter	86,296	67,017	126,290	102,903	72,394	137,214
Natural American Cheese	428,628	439,616	450,544	446,112	443,575	495,864

1/ Total holdings minus Government owned holdings. For more information, see page 9 of this report.

**SOURCE:** "Cold Storage," Co St 1 (6-99) and "Dairy Products," Da 2-6 (6-99), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

## FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

**FEDERAL MILK ORDER MARKET SUMMARY FOR MAY 1999.** During May, about 10.2 billion pounds of milk were marketed under Federal orders. (Significant volumes of milk that normally would have been pooled under Federal milk orders were not pooled in May 1999 and 1998.) Producer deliveries were about 1.0 percent more than May 1998, and about 31.5 percent more than April 1999 on a daily average basis. Milk utilized in Class I products in April was 1.1 percent more than last year on an adjusted basis. Class I use this year represented 36 percent of producer milk deliveries compared to 36 percent in May 1998. The average blend price was \$12.53 per cwt., \$0.54 less than last year. Changes in class prices from year-earlier levels were as follows: Class I, down \$1.19; Class II, down \$1.19, Class III, up \$0.38; and Class III-A, down \$2.36.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF MAY 1999										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1999 TOTAL	CHANGE FROM 1998	1999 TOTAL	CHANGE FROM 1998	1999	1998	1999	1998	1999
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	533.8	2.3	223.6	0.5	42	43	13.14	14.10	11.1
New York/New Jersey (NY City)	2	1,059.0	-0.6	405.5	1.6	38	37	12.96	13.45	11.1
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	622.3	7.0	214.6	-2.3	34	38	12.64	13.91	---
<b>NORTHEAST REGION</b>		2,215.2	2.1	843.7	0.3	38	39	12.91	13.73	11.1
Carolina (Charlotte)	5	278.0	6.6	201.3	0.1	72	77	13.91	15.13	11.1
Southeast (Atlanta/Birmingham)	7	511.5	-0.3	391.7	1.9	77	75	14.03	15.04	11.1
Florida Markets (Tampa /Jacksonville/ Tallahassee/Miami)	12 <u>4/</u>	239.5	-1.5	207.4	0.5	87	85	14.84	15.84	11.1
<b>SOUTHEASTERN REGION</b>		1,029.0	1.2	800.4	1.0	78	78	14.19	15.25	11.1
Michigan Upper Peninsula (Marquette)	44	5.6	1.3	4.2	2.1	75	75	12.55	13.53	11.1
Southern Michigan (Detroit)	40 <u>6/</u>	394.4	2.3	168.6	0.8	43	43	12.33	13.24	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	315.8	6.5	149.8	4.9	47	48	12.45	12.99	---
Ohio Valley (Columbus)	33 <u>6/</u>	277.7	-0.7	132.5	-1.1	48	48	12.61	13.41	---
Indiana (Indianapolis)	49 <u>6/</u>	182.9	4.3	95.6	-1.9	52	56	12.74	13.82	---
Chicago Regional	30 <u>5/ 6/</u>	1,365.1	-4.2	211.9	2.5	16	15	11.75	11.68	---
Central Illinois (Peoria)	50	17.6	-9.5	12.9	-1.3	73	67	12.79	13.40	11.1
S. Illinois-E. Missouri (Alton)	32	160.9	-18.9	77.9	-5.1	48	41	12.67	13.15	11.1
Louisville-Lexington-Evansville	46	134.9	11.8	84.3	-1.7	62	71	13.01	14.20	11.1
Upper Midwest (Minneapolis)	68 <u>5/ 6/</u>	1,024.9	8.3	128.9	0.8	13	14	11.53	11.46	---
Iowa (Des Moines)	79 <u>5/ 6/</u>	375.8	9.3	86.9	6.4	23	24	11.91	12.08	---
Nebraska/W. Iowa (Omaha/Sioux City)	65 <u>6/</u>	196.7	18.7	45.2	-16.0	23	32	11.96	12.54	---
Greater Kansas City/E. S. Dakota	64 <u>7/ 8/</u>	53.7	18.1	---	---	---	---	13.25	14.07	11.1
<b>MIDWEST REGION</b>	<u>9/</u>	4,452.3	2.1	1,198.6	0.2	27	27	11.99	12.27	11.1

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF MAY 1999										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1999 TOTAL	CHANGE FROM 1998	1999 TOTAL	CHANGE FROM 1998	1999	1998	1999	1998	1999
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106	270.5	-6.8	106.6	-2.5	39	38	12.81	13.24	11.1
Texas (Dallas)	126 <u>5/</u>	748.3	24.7	272.3	5.6	36	43	12.97	13.93	11.1
<b>SOUTHWEST REGION</b>		1,018.8	14.4	379.0	3.2	37	41	12.93	13.71	11.1
E. Colorado/W. Colorado (Denver)	137 <u>8/</u>	134.6	-8.7	66.8	1.8	50	45	12.87	13.18	11.1
SW. Idaho/E. Oregon (Boise)	135 <u>5/</u>	177.0	-46.6	15.3	4.8	9	4	11.43	11.06	---
Great Basin (Salt Lake City)	139	196.1	15.2	74.9	6.5	38	41	12.27	12.88	---
Central Arizona (Phoenix)	131	259.2	6.1	78.9	-1.3	30	33	12.21	13.30	11.1
New Mexico-West Texas (Albuquerque)	138	130.1	-34.9	49.3	-2.7	38	25	12.43	12.80	11.1
Pacific Northwest (Seattle/Portland)	124	596.4	-2.8	175.2	1.0	29	30	12.06	13.01	---
<b>FAR WEST REGION</b>		1,493.3	-10.8	460.5	1.3	31	27	12.14	12.64	11.1
<b>ALL-MKT. AVERAGE OR TOTAL</b>	<u>9/ 10/</u>	10,208.6	1.0	3,682.1	0.8	36	36	12.53	13.07	11.1
<b>YEAR-TO-DATE AVG./TOTAL</b>										
Northeast Region		10,326.4	0.1	4,214.4	-0.3	41	41			
Southeastern Region		5,162.6	-0.5	4,098.1	0.4	79	79			
Midwest Region		19,366.6	-6.8	6,183.3	1.0	32	29			
Southwest Region		4,372.3	5.8	1,973.1	4.0	45	46			
Far West Region		7,177.3	-2.5	2,369.4	1.1	33	32			
<b>ALL MARKET AVERAGE OR TOTAL</b>	<u>9/ 11/</u>	46,405.1	-2.9	18,838.2	0.9	41	39	14.53	13.94	----

1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$13.70. (4.0 minus 3.5 equals .5; 5 times \$.111 equals \$0.555; \$13.14 plus \$0.555 equals \$13.695.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1999, \$15.04 1998, \$16.10; and Southeastern Florida: 1999, \$15.50; and 1998, \$16.66. 5/ Due to a disadvantageous pricing situation in May 1999, handlers elected not to pool milk that normally would have been associated with the market. 6/ Due to a disadvantageous pricing situation in May 1998, handlers elected not to pool milk that normally would have been associated with the market. 7/ Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are restricted. 8/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1999, \$11.87; 1998, \$12.32 and Western Colorado: 1999, \$13.28; 1998, \$14.37. 9/ Data for Greater Kansas City/Eastern South Dakota are excluded; some of the data during this period could not be released without revealing individual business operations. See 7/. 10/ The total estimated volume of milk not pooled due to disadvantageous pricing situations was 320 million pounds in May 1999, and 60 million pounds in May 1998. 11/ The total estimated volume of milk not pooled due to disadvantageous pricing situations was 3.7 billion pounds this year, and 1.3 billion pounds last year.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF JUNE 21 - 25, 1999			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/98	SAME PERIOD LAST YEAR	PERIOD ENDING 06/18/99	SAME PERIOD LAST YEAR
<u>BUTTER</u>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>CHEESE</u>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>TOTAL</u>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<u>NONFAT DRY MILK</u>							
Nonfortified	9,593,584	-0-	9,593,584	137,858,178	102,940,413	-0-	-0-
Fortified	-0-	-0-	-0-	118,457	-0-	-0-	-0-
<u>TOTAL</u>	9,593,584	-0-	9,593,584	137,976,635	102,940,413	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JUNE 21 - 25, 1999 =	2.1	111.7	COMPARABLE WEEK IN 1998 =	0.7	35.1
CUMULATIVE SINCE OCTOBER 1, 1998 =	30.4	1,606.0	CUMULATIVE SAME PERIOD LAST YEAR =	22.6	1,198.2
CUMULATIVE JANUARY 1 - JUNE 25, 1999 =	30.4	1,604.8	COMPARABLE CALENDAR YEAR 1998 =	20.9	1,106.8

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JUNE 21 - 25, 1999 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	257,937	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	9,335,647	-0-***
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

\*\*\*CORRECTION: THERE WAS NO FORTIFIED NDM PURCHASE LAST WEEK

CCC ADJUSTED PURCHASES SINCE 10/1/98 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98	1998/99	1997/98
MIDWEST	-0-	-0-	-0-	-0-	11,982,721	8,195,135	8.7	8.0
WEST	-0-	-0-	-0-	-0-	125,993,914	94,458,735	91.3	91.8
EAST	-0-	-0-	-0-	-0-	-0-	286,543	0.0	0.2
<u>TOTAL</u>	-0-	-0-	-0-	-0-	137,976,635	102,940,413	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1999MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1000; 500# Barrels \$1.0700; Process American 5# \$1.1525; Process American 2# \$1.1925NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 06/05/99 & Comparable Week 1998 1/ 2/

Regions*											U.S. TOTAL		% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
1999-Dairy cows HD (000)	0.2	0.9	4.8	5.0	14.6	1.9	2.2	0.5	7.3	2.0	39.4	1,082.4	45.2	43.8
1998-Dairy cows HD (000)	0.3	1.5	5.2	4.6	18.8	1.8	2.5	0.9	9.2	2.9	47.6	1,225.4	41.9	47.5
1999-All cows HD (000)	0.3	0.9	6.0	11.3	20.4	13.1	15.7	3.1	10.6	5.9	87.2	2,468.9		
1998-All cows HD (000)	0.3	1.6	7.8	15.2	26.6	19.4	17.9	6.1	12.2	6.7	113.7	2,580.6		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASE 6/17 AND INVITATION 6/22

JULY 1999 - JUNE 2000 DELIVERY

BLEND OF AMERICAN & SKIM MILK CHEESEMINIMUM/MAXIMUM

6/5# SLICED 6,969,000/12,474,000

INVITATION FOR JULY/AUGUST DELIVERYCHEDDAR  
BARRELSJULY  
680,000AUGUST  
80,000

OFFERS ARE DUE JUNE 30. PUBLIC RELEASE IS SCHEDULED FOR 4:00 P.M. JULY 2.

BASIC FORMULA PRICE (BFP), MAY 1995\* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26							